
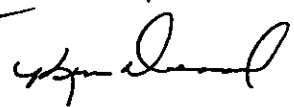


## Board of County Commissioners Workshop Request

**Date of Meeting:** September 14, 2004

**Date Submitted:** September 9, 2004

**To:** Honorable Chairman and Members of the Board

**From:** Parwez Alam, County Administrator   
Kim Dressel, Director of Management Services 

**Subject:** Leon County Minority Women Business Enterprise (MWBE) Disparity Study

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**Statement of Issue:**

A workshop to review the updated Minority Women Business Enterprise (MWBE) disparity study conducted by MGT of America, Inc. (MGT).

**Background:**

In 1994, the Leon County Board of County Commissioners and the Leon County School Board contracted with MGT to conduct a MWBE disparity study. The study was specifically designed to determine whether minority and women business enterprises had been identifiably discriminated against by the County or School Board in awarding contracts, and whether such discrimination was based solely on racial, ethnic or gender classifications. The current MWBE policy is based on the 1994 study. The Board subsequently determined that the disparity study should be updated and authorized staff to initiate the process for conducting the study.

The current disparity study was conducted in two parts: (1) initial statistical review to identify whether there is a compelling interest for the continuation of the MWBE program, and (2) anecdotal research, legal review and recommendations.

In December 2001, the Board contracted with MGT to conduct the initial statistical review (also referred to as factual predicate study) of MWBE participation in County procurements. This study updated the 1994 study, and focused on the changes that occurred in the marketplace and levels of MWBE participation in County procurements since that time. The factual predicate study was accepted by the Board on July 22, 2003.

On October 16, 2003, the County contracted with MGT to conduct the anecdotal, legal, and programmatic review. This current report consolidates those studies into a single, comprehensive disparity study for the County. Guided by federal case law and judicial decisions, this consolidated study examines the facts to determine if there is compelling interest in the continuance of the County's MWBE program. This report also provides recommendations to continue a narrowly tailored MWBE program.

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MGT's executive summary and workshop presentation is provided as Attachments #1 and #2 respectively. A copy of the full report has been provided to the County Administrator, Board of County Commissioners, County Attorney and the Clerk's office. A copy of the full report is available to the public at the LeRoy Collins Leon County Public Library.

**Analysis:**

MGT's methodology for this study was designed to satisfy the evidentiary requirements for a disparity study. Disparity study evidentiary requirements that are addressed in the report include: separate analysis of prime contracting and subcontracting; regression analysis that controls for other factors beyond race and gender in explaining disparities in business earnings; analysis of capacity; and, analysis of disparities in the private sector.

The statistical analysis included reviewing business categories, MWBE classifications, and collection of data, utilization of firms, availability of firms, and a summary of underutilization. The four business categories included construction, professional services, other services, and materials and supplies. The business categories are defined below:

**Construction** - any construction related services, included but not limited to, building, repairing, improving, or demolishing any public structure building; and other public improvement of any kind to any public real property. The construction business category did not include routine operation, routine repair, or routine maintenance of existing buildings or facilities.

**Professional Services** - any services requiring special licensing, educational degrees, and unusual or highly specialized expertise, including buildings or facilities.

**Other Services** - any service that is labor intensive and not professional or construction related.

**Materials and Supplies** - equipment and consumable items purchased in bulk, or a deliverable product.

The MWBE minority groups included African Americans, Asian Americans, Hispanic Americans, Native American and Women.

The anecdotal research identified perceptions and opinions of MWBEs and non-MWBEs in the relevant market area for the County. MGT used a telephone survey and face-to-face interviews to collect the data.

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The private sector analysis focused on the construction business category to compare the utilization of firms to determine whether minorities and women or nonminority businesses were under utilized or over utilized in private sector commercial construction.

## **FINDINGS**

A summary of the findings of the disparity study follows:

### **Statistical Disparity**

Substantial disparity exists for the following underutilized groups:

- Construction Prime Contractors - African Americans, Hispanic Americans, Native Americans, and Women.
- Construction Subcontractors - African Americans, Hispanic Americans, and Asian Americans. Native Americans were underutilized, but the disparity index was marginally above the threshold level that indicated substantial disparity.
- Professional Services Subconsultants - African Americans, Hispanic Americans, Asian Americans, and Women.
- Materials and Supplies Vendors - African Americans, Hispanic Americans, and Asian Americans.

The key findings from the regression analysis were:

- Nonminority males earned significantly higher revenue in all business categories than did MWBEs, controlling for the effect of other company characteristics such as age of company, number of employees, and owner's education.
- Overall, nonminority women-owned firms tended to earn less revenue than other minority firms.
- In general, earnings disparities between nonminority male-owned firms and MWBEs tended to be greatest in Construction and Professional Services.

### **Anecdotal Evidence**

The following represents an overview of findings based on the review of the anecdotal evidence:

- Perceptions and opinions from the prime contractors:
  - lack of information about upcoming procurement opportunities;
  - contracts too large;
  - costs associated with submitting bids and limited time available; and
  - limited access to bonding and capital hinder MWBE participation.
- Perceptions and opinions from the subcontractors:
  - perceptions by prime contractors that MWBEs were unqualified;
  - pressured to lower quotes;
  - concerned about voicing complaints; and
  - MWBE fronts.

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Comparison of Firm Utilization in the Public and Private Sector

- Firms owned by African Americans perform less than one-half percent of prime level construction work in the public and private sectors.
- Woman-owned firms are the more utilized MWBE group, but their level of participation averages 1 percent of prime construction work.
- Nonminority-owned firms perform 98 percent of the prime level construction work in the public and private sector.

**RECOMMENDATIONS**

A summary of the recommendations of the disparity study follows:

- Continue to narrowly tailor its minority participation programs to remedy the specific findings of disparity.
- On a periodic basis, continue to review its budget and establish goals consistent with MWBE availability, for each MWBE group that has demonstrated significant disparity.
- Goals for each ethnic group and women should continue to reflect MWBE availability as referenced in this report.
- The program should be time limited and graduation criteria established for each participant.
- Continue to primarily concentrate the scope of all race and gender specific programs to firms that are located in the relevant market area for specific business categories.
- A Small Business Enterprise (SBE) program should be considered to encourage the growth and development of local small businesses.
- Adopt a policy which prohibits engaging in business with any firms that discriminate on the basis of race and gender in the solicitation, selection or treatment of contractors, subcontractors, vendors and information suppliers on any agency contract.
- Implement policies and procedures to improve its collection and management of contract data, particularly of all construction subcontracting activity.
- Explore ways to provide technical assistance for bonding to small construction firms seeking to participate on County contracts.
- Closely monitor the utilization of all businesses by race, ethnicity and gender to determine whether the small business program over time has the potential to eliminate race and gender disparities without race and gender specific goals.
- The County should identify, for future availability analysis, the number of construction subcontractors available.

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**Options:**

1. Accept the Leon County MWBE Disparity Study.
2. Do not accept the Leon County MWBE Disparity Study.
3. Board Direction

**Recommendation:**

Option #1

**Attachments:**

1. Leon County MWBE Disparity Study Executive Summary
2. Leon County Disparity Study Workshop Presentation

PA/KD/AMS/ams

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## **EXECUTIVE SUMMARY**

On October 16, 2003, the Board of County Commissioners for Leon County, Florida (County) contracted MGT of America, Inc. (MGT) to conduct the Anecdotal, Legal, and Programmatic Review as a follow-on to the update study of minority- and woman-owned business enterprise (M/WBE) utilization that MGT conducted in 2001. This current report consolidates those studies into a single, comprehensive disparity study for the County. Guided by federal case law and the courts, this consolidated study examines the facts to determine if there is compelling interest in the continuance of the County's remedial procurement program. This report also provides recommendations to narrowly tailor the M/WBE program.

This Executive Summary provides a synopsis of major findings and recommendations. The accompanying report provides a complete explanation of our methodology and a detailed description of our findings and recommendations. We highly recommend reading the complete report in order to place the overview in this section into proper context.

The methodology for this study was designed to satisfy the evidentiary requirements for a disparity study. Disparity study evidentiary requirements that are addressed in this report include: separate analysis of prime contracting and subcontracting, regression analysis that controls for other factors beyond race and gender in explaining disparities in business earnings, analysis of capacity and analysis of disparities in the private sector.

The analysis for this study showed that M/WBEs received less than 2 percent of the prime construction contract dollars awarded by the County during the review period. Most of the dollars awarded to M/WBEs went to nonminority Woman-owned firms. The analysis of the number of contracts awarded showed that M/WBEs received 15 percent

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**Executive Summary**

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of the prime construction contracts awarded during the study period, and that firms owned by African Americans were the more successful M/WBE group in terms of the number of contract awards. The conclusion drawn from these analyses is that M/WBEs were somewhat successful in winning contracts from the County during the study period but the dollar value of those contracts was noticeably smaller than contracts awarded to non-M/WBEs. Our analysis showed that as the contract award amounts increased, the relative participation by M/WBEs decreased. As subcontractors, M/WBEs received 18.3 percent of the total dollars awarded. Firms owned by African Americans received 14.37 percent and firms owned by Women received 3.6 percent. During the study period, only firms owned by African Americans, Native Americans and Women participated as construction subcontractors on County procurements.

Our analysis of the professional services contract awards showed that M/WBEs received just over 12 percent of the dollars awarded to consultants in the relevant market area. Non-M/WBEs were selected for most of the County's professional services awards. The analysis by number of awards showed that 26 of the 36 contract awards went to nonminority firms. Furthermore, only five of the 23 firms used by the County for professional services contracts were M/WBEs. Similar to the analysis of the construction business category, we observed that M/WBE participation decreased as contract dollar values increased in the professional services business category. The data showed that no M/WBEs received professional services contract awards in amounts greater than \$500,000 (the County awarded over \$4 million in contracts over \$500,000). The analysis of subconsultant participation showed that Woman-owned firms received 4.7 percent of the professional services subconsultant dollars. African American-owned firms received less than 0.4 percent of the professional services subconsultant dollars.

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**Executive Summary**

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In the other services business category, payments to M/WBEs represented 30 percent of the dollars expended by the County during the study period. Of the M/WBE vendors, African American and Woman-owned firms received the greater dollar value of contracts—around 13 percent and 12 percent, respectively. Hispanic American-owned firms received 4 percent, and Asian American-owned firms received less than 1 percent of the dollars.

As materials and supplies vendors, M/WBEs received less than 17 percent of payments of the materials and supplies purchases made during the study period. When comparing the dollar values of purchases made, we observed that nonminority-owned materials and supplies vendors received approximately \$14 million in business from the County compared to less than \$3 million in business conducted with M/WBEs.

MGT used disparity indices to compare the utilization and availability findings for each of the business categories and to indicate whether there is the presence of disparity for each ethnic or gender group. The data showed underutilization for the following business owner groups:

- African American, Hispanic American and Woman-owned construction prime contractors based on dollars awarded;
- African American, Hispanic American and Asian American construction subcontractors based on dollars awarded;
- All M/WBEs as professional subconsultants based on dollars; and
- African American, Hispanic American and Asian American materials and supplies vendors.

The anecdotal research identified perceptions and opinions of M/WBEs and non-M/WBEs in the relevant market area for the County. We used a telephone survey and face-to-face interviews to collect the data. From these anecdotal data-gathering processes, we noted three common concerns among M/WBEs and non-M/WBEs alike. Business owners were concerned about a perceived lack of information about upcoming



County procurement opportunities, and the costs associated with submitting bids and quotes, and subcontractors complained of being dropped from County projects after contract award. Firms further commented on perceived short time periods allowed to submit bids, quotes and proposals in response to identified opportunities. Subcontractors complained about being dropped after contract award.

Other concerns expressed by firms in the telephone survey and face-to-face interviews were:

- limited knowledge of County procurement policies and procedures;
- contracts too large to be performed by small and medium-sized firms;
- subcontractors being pressured by prime contractors to lower submitted bids and quotes;
- some reticence about voicing complaints;
- M/WBE limited access to capital; and
- overcoming prejudicial notions by prime contractors that M/WBEs are unqualified.

The private sector analysis was conducted to compare the utilization of firms in the private sector with the utilization of firms in the public sector. Furthermore, since the procurement preference programs, which are the focal point of disparity analyses, typically aim to assist subcontractors, we look for comparisons of private sector subcontractor utilization to public sector subcontractor utilization.

Our operating assumption to perform the subcontractor analysis was that subcontractor information would be available from either *Reed Construction Data* (formerly *CMD*) or from the County's building permit data. We based this assumption on the fact that we have used *Reed* data in several other studies nationwide to develop subcontracting information. During our review of the data from *Reed* and the County, we learned that the data maintained by *Reed* was not robust enough to perform the

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**Executive Summary**

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subcontractor analysis. We also learned that the County does not maintain subcontractor level data on building permits. However, we were able to compare prime level activity on construction projects by Leon County with private sector utilization. In summary, the analysis showed:

- Firms owned by African Americans perform less than one-half percent of prime level construction work in the public and private sectors.
- Woman-owned firms are the more utilized M/WBE group, but their level of participation averages 1 percent of prime construction work.
- Nonminority-owned firms perform 98 percent of the prime level construction work in the public and private sector.

Based on the findings presented in this report, we submit the following recommendations to the County:

- The County should tailor its minority participation programs to remedy the specific findings of disparity.
- On a periodic basis, the County should review its budget and establish goals consistent with M/WBE availability, for each M/WBE group that has demonstrated significant disparity.
- Goals for each ethnic group and women should reflect M/WBE availability as referenced in this report.
- The program should be time limited and graduation criteria established for each participant.
- The County should continue to primarily concentrate the scope of all race and gender specific programs to firms that are located in the relevant market area for specific business categories.
- The M/WBE program should be narrowly tailored.
- A Small Business Enterprise (SBE) program should be considered to encourage the growth and development of local small businesses.
- The County should adopt a policy that says the agency will not engage in business with any firms that discriminate in the solicitation, selection or treatment of contractors, subcontractors, vendors and information suppliers on any agency contract.

- The County should implement policies and procedures to improve its collection and management of contract data, particularly of all construction subcontracting activity.
- The County should explore ways to provide bonding and technical assistance to small construction firms seeking to participate on County contracts.
- The County should closely monitor the utilization of all businesses by race, ethnicity and gender to determine whether the small business program over time has the potential to eliminate race and gender disparities without specific race and gender goals.
- The County should identify, for future availability analysis, the number of construction subcontractors available.

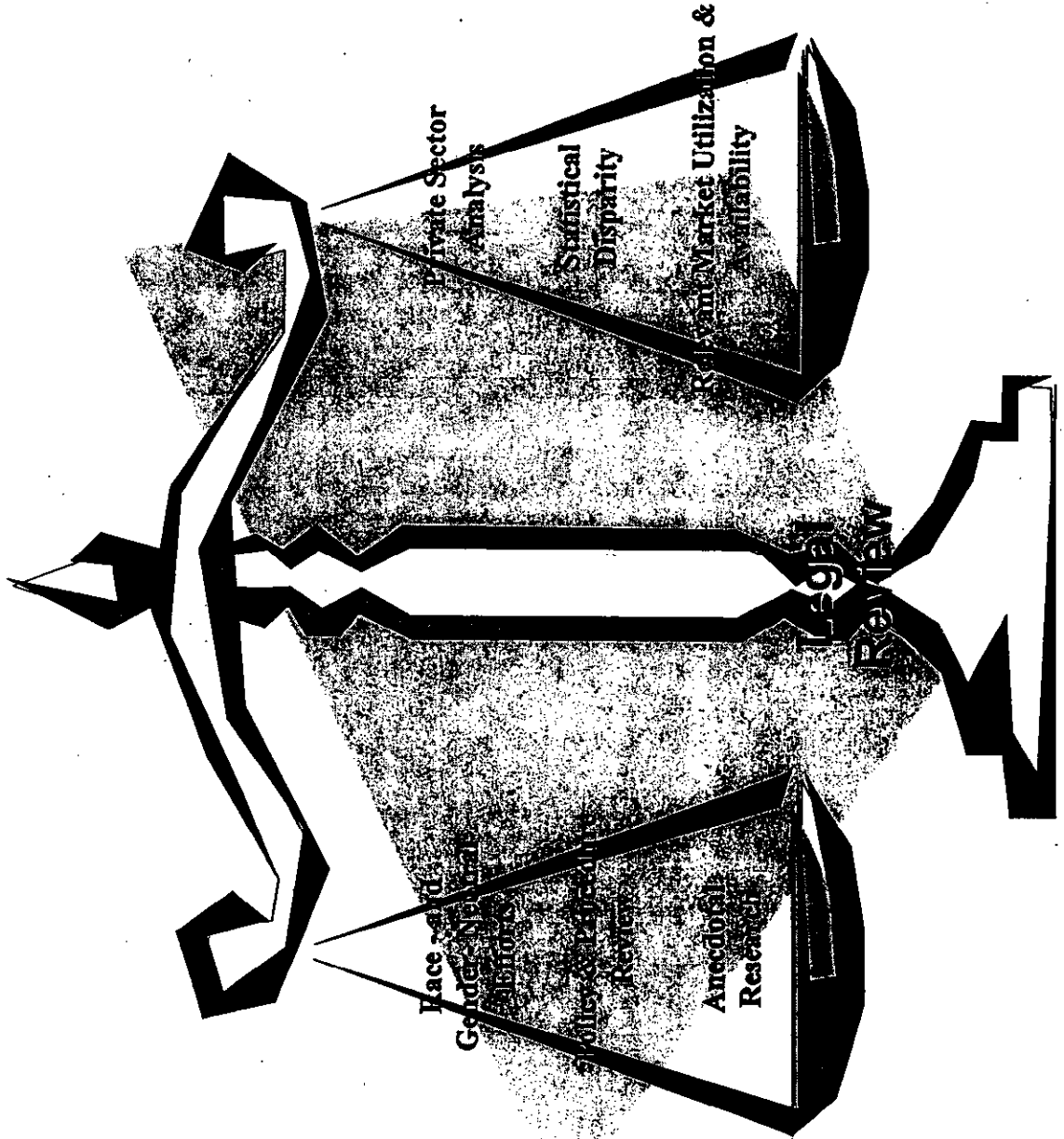
# LEON COUNTY DISPARITY STUDY

WORKSHOP PRESENTATION  
SEPTEMBER 14, 2004



# Disparity Study Overview

# Disparity Study Model



# Leon County Disparity Study

## Major Tasks

- Legal Review
- Review of Policies, Procedures, and Program
- Statistical Analyses
  - Market Area Analysis
  - Utilization Analysis
  - Availability Analysis
  - Disparity Analysis - Public and Private
  - Regression Analysis
- Anecdotal Analysis
  - Personal Interviews
  - Mail Survey
- Findings and Recommendations

- Strict Scrutiny Standard of Review
- A Compelling Interest Can be Found in Private Sector Discrimination
- Narrow Tailoring

- Evaluate and Employ Race Neutral Methods
- Solution Must be Proportionate to the Problem



# Policies, Procedures & Programs Review

- County receptive to earlier recommendations.
- Improved levels of cooperation.
- Better tracking - though still opportunities for improvement.
- Elevation of M/WBE program to division level.
- Impacted by State of Florida's reformation of its certification process and discontinuance of support for the M/WBE vendor list.
- Center for Equal Opportunity.

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# Statistical Analyses

## Business Categories

- Construction
- Professional Services
- Other Services
- Materials and Supplies

## Business Owner Classifications

- African Americans
- Hispanic Americans
- Asian Americans
- Native Americans
- Women
- Non-M/WBE

## Collection of Data

- Hard copy files of contract and payment data
- Purchase order electronic payments data
- Pcard transaction electronic data
- Verification reports

# Statistical Analyses (Cont'd)

## Number of Records Analyzed

|                          |       |
|--------------------------|-------|
| ■ Construction           | 201   |
| ■ Professional Services  | 43    |
| ■ Other Services         | 2,938 |
| ■ Materials and Supplies | 9,542 |

## Utilization of Firms

- Firms within the relevant market area were categorized based on their ownership and control.
- MGT calculated the percentage utilization of M/WBEs and non-M/WBEs based on the percentage of dollars awarded or paid to each group within the the relevant market area for each fiscal year of the study period.

## Availability of Firms

- Contract awardees
- Vendors notified of bid opportunities
- Bidders on contracts
- Vendors registered in the *Demand Star* system

# Statistical Analyses (Contd)

## Disparity Analysis

- Comparison - between utilization of minority, women and non-minority groups and availability.
- Results - indicate whether minority and woman-owned firms are receiving a proportional share of contracts and contract dollars in the public and private sectors.
- Measurement - shown by a disparity index.
  - Index of 0.00 - no utilization
  - Index under 80 - substantial underutilization
  - Indices closer to 100 indicate greater utilization of available firms
  - Index of 100 - parity

# Private Sector Analysis

- Determined whether minority, women, or nonminority businesses were underutilized or overutilized in private sector commercial construction.
- Private sector utilization analysis based on County building permit data.
- Availability based on census data for the Tallahassee Market Area.

# Anecdotal Analysis

## ■ Telephone Survey:

|   |       |   |
|---|-------|---|
| — | 3,506 | attempted calls   |
| — | 2,895 | incorrect numbers/no answers  |
| — | 147   | refusals  |
| — | 464   | completions   |
| — | 460   | <i>target to achieve a confidence interval of 95 percent with a 5 percent margin of error</i> |

## ■ Face-to-face Interviews:

|   |   |
|---|---|
| — | distinct pool of 1,788 firms in Leon and Gadsden Counties                       |
| — | 100 firms solicited/consented to participate                                    |
| — | 26 business owners/representatives later canceled - replacements were scheduled |
| — | 75 firms represented in analysis of personal interviews                         |
| — | 75 <i>target</i>  |

# Study Results

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MGT

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# Leon County Summary of Under/Overutilization by Business Owner Classification

| Business Category<br>by MBEWBE Classification           | 1989-1993    |                      |                 |                                 | 1997-2001    |                      |                 |                                 |
|---|--------------|----------------------|-----------------|---------------------------------|--------------|----------------------|-----------------|---------------------------------|
|   | % of Dollars | % of Available Firms | Disparity Index | Disparate Impact of Utilization | % of Dollars | % of Available Firms | Disparity Index | Disparate Impact of Utilization |
| <b>Construction - Building</b>                          |              |                      |                 |                                 |              |                      |                 |                                 |
| African Americans                                       | 0.00%        | 7.00%                | 0.00            | * Underutilization              | 0.37%        | 6.03%                | 6.12            | * Underutilization              |
| Hispanic Americans                                      | 0.00%        | 0.18%                | 0.00            | * Underutilization              | 0.08%        | 1.51%                | 5.60            | * Underutilization              |
| Asian Americans   | 0.00%        | 0.14%                | 0.00            | * Underutilization              | 0.00%        | 0.00%                | 0.00            | Not Applicable                  |
| Native Americans  | 0.00%        | 0.06%                | 0.00            | * Underutilization              | 0.00%        | 0.50%                | 0.00            | * Underutilization              |
| Nonminority Women                                       | 0.00%        | 7.97%                | 0.00            | * Underutilization              | 1.15%        | 3.02%                | 38.20           | * Underutilization              |
| Nonminority Firms                                       | 100.00%      | 84.65%               | 118.13          | Overutilization                 | 98.39%       | 88.94%               | 110.62          | Overutilization                 |
| <b>Construction - Nonbuilding</b>                       |              |                      |                 |                                 |              |                      |                 |                                 |
| African Americans                                       | 5.34%        | 7.00%                | 76.29           | * Underutilization              | 14.37%       | 22.09%               | 65.06           | * Underutilization              |
| Hispanic Americans                                      | 0.00%        | 0.18%                | 0.00            | * Underutilization              | 0.00%        | 1.20%                | 0.00            | * Underutilization              |
| Asian Americans   | 0.00%        | 0.14%                | 0.00            | * Underutilization              | 0.00%        | 0.40%                | 0.00            | * Underutilization              |
| Native Americans  | 0.00%        | 0.06%                | 0.00            | * Underutilization              | 0.35%        | 0.40%                | 87.17           | Underutilization                |
| Nonminority Women                                       | 8.63%        | 7.97%                | 108.28          | Overutilization                 | 3.60%        | 3.21%                | 112.18          | Overutilization                 |
| <b>Manufacturing - Nonbuilding</b>                      |              |                      |                 |                                 |              |                      |                 |                                 |
| African Americans                                       | 0.59%        | 1.60%                | 36.88           | * Underutilization              | 4.69%        | 5.63%                | 83.30           | Underutilization                |
| Hispanic Americans                                      | 0.00%        | 1.06%                | 0.00            | * Underutilization              | 0.00%        | 0.00%                | 0.00            | Not Applicable                  |
| Asian Americans   | 0.00%        | 1.51%                | 0.00            | * Underutilization              | 1.30%        | 0.63%                | 207.72          | Overutilization                 |
| Native Americans  | 0.00%        | 0.03%                | 0.00            | * Underutilization              | 0.00%        | 0.00%                | 0.00            | Not Applicable                  |
| Nonminority Women                                       | 1.00%        | 39.73%               | 2.52            | * Underutilization              | 6.25%        | 5.63%                | 111.15          | Overutilization                 |
| Nonminority Firms                                       | 98.41%       | 56.08%               | 175.48          | Overutilization                 | 87.76%       | 88.13%               | 99.59           | Underutilization                |
| <b>Professional, Scientific, and Technical Services</b> |              |                      |                 |                                 |              |                      |                 |                                 |
| African Americans                                       |              |                      |                 |                                 |              |                      |                 |                                 |
| Hispanic Americans                                      |              |                      |                 |                                 |              |                      |                 |                                 |
| Asian Americans   |              |                      |                 |                                 |              |                      |                 |                                 |
| Native Americans  |              |                      |                 |                                 |              |                      |                 |                                 |
| Nonminority Women                                       |              |                      |                 |                                 |              |                      |                 |                                 |
| Nonminority Firms                                       |              |                      |                 |                                 |              |                      |                 |                                 |
| <b>Wholesale and Retail Trade</b>                       |              |                      |                 |                                 |              |                      |                 |                                 |
| African Americans                                       |              |                      |                 |                                 |              |                      |                 |                                 |
| Hispanic Americans                                      |              |                      |                 |                                 |              |                      |                 |                                 |
| Asian Americans   |              |                      |                 |                                 |              |                      |                 |                                 |
| Native Americans  |              |                      |                 |                                 |              |                      |                 |                                 |
| Nonminority Women                                       |              |                      |                 |                                 |              |                      |                 |                                 |
| Nonminority Firms                                       |              |                      |                 |                                 |              |                      |                 |                                 |

\* An asterisk is used to indicate a substantial level of disparity - index below 80.00  
Full utilization is indicated by an Index of 100

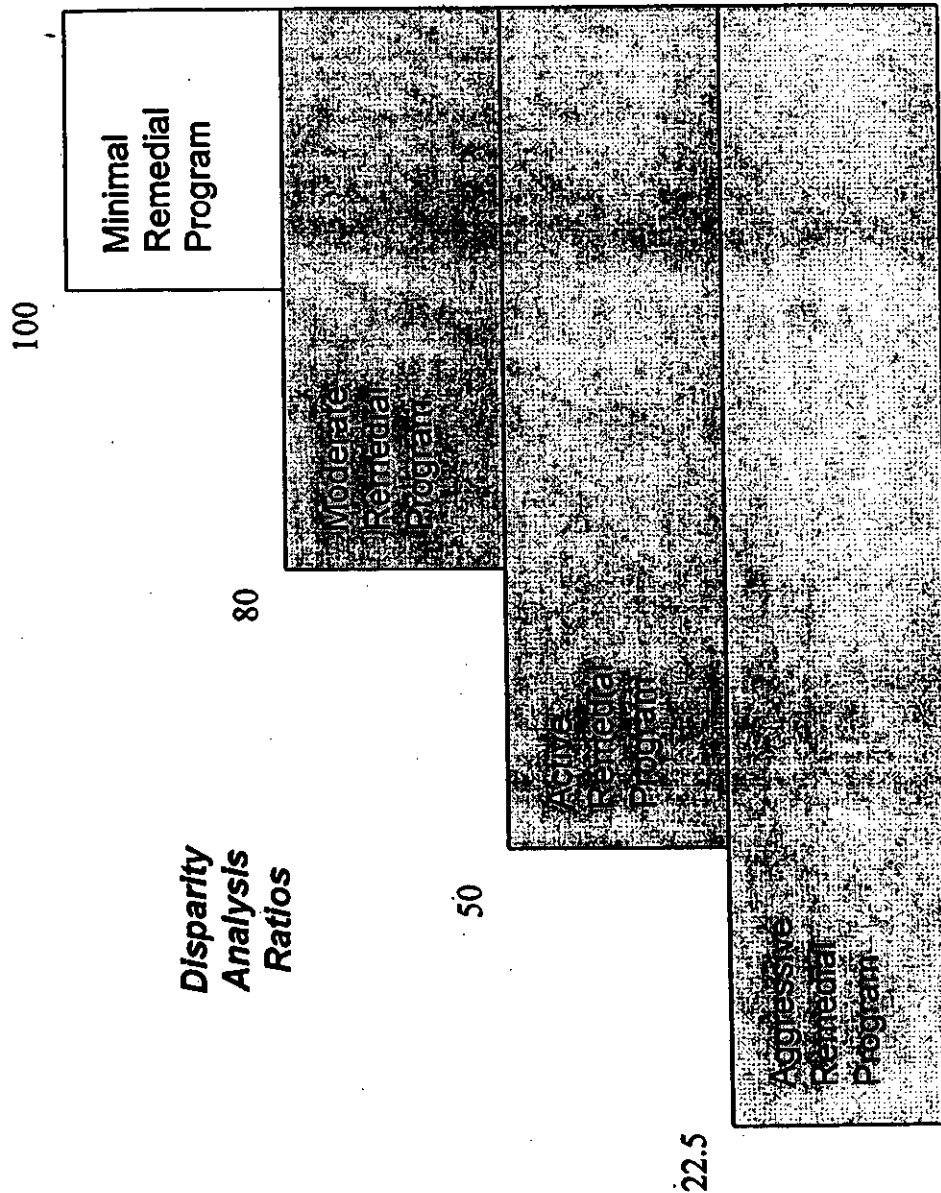


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# NET

Full utilization is indicated by an index of 100

# Disparity Analysis Thresholds



# Capacity Analysis Thresholds

Contract Dollar Value Categories and Telephone Survey Firms Available at Each Level

|                         | \$50,000 and less       | \$50,001- \$100,000     | \$100,001- \$300,000    | \$300,001 \$500,001     | \$500,001- \$1,000,000  | \$1,000,001- \$5,000,000 | \$5,000,001- \$10,000,000 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------------|
| County Const. Contracts | County Const. Contracts | County Const. Contracts | County Const. Contracts | County Const. Contracts | County Const. Contracts | County Const. Contracts  | County Const. Contracts   |
| 16                      | 4                       | 3                       | 3                       | 3                       | 3                       | 2                        | 2                         |
| 4                       | 1                       | 0                       | 0                       | 0                       | 0                       | 0                        | 0                         |
| 0                       | 0                       | 0                       | 0                       | 0                       | 0                       | 0                        | 0                         |
| 1                       | 0                       | 0                       | 0                       | 0                       | 0                       | 0                        | 0                         |
| 0                       | 0                       | 0                       | 0                       | 0                       | 0                       | 0                        | 0                         |
| 2                       | 2                       | 2                       | 0                       | 0                       | 0                       | 0                        | 0                         |
| 23                      | 7                       | 5                       | 3                       | 3                       | 3                       | 3                        | 2                         |

## **Statistical Analysis**

Substantial disparity exists for the following groups:

- Construction Prime Contractors - African Americans, Hispanic Americans, Native Americans, and Women
- Construction Subcontractors - African Americans, Hispanic Americans, and Asian Americans. Native Americans were marginally above the threshold.
- Professional Services Subconsultants - African Americans, Hispanic Americans, Asian Americans, and Women
- Materials and Supplies Vendors - African Americans, Hispanic Americans, and Asian Americans

# Summary of Findings (Contd)

## Private Sector Analysis

| Construction<br>Private Contractor/Agency | African<br>Americans | Hispanic<br>Americans | Asian<br>Americans | Native<br>Americans | Non-Hispanic<br>Whites | Non-Hispanic<br>Blacks |
|---|----------------------|-----------------------|--------------------|---------------------|------------------------|------------------------|
| Public Sector                             | 0.37%                | 0.08%                 | 0.00%              | 0.00%               | 1.15%                  | 98.39%                 |
| Private Sector                            | 0.47%                | 0.00%                 | 0.00%              | 0.00%               | 1.22%                  | 98.78%                 |

## Private Sector Analysis

- Firms owned by African Americans perform less than 1/2 percent of prime level construction work in the public and private sectors.
- Woman-owned firms are the more utilized M/WBE group, but their level of participation averages 1 percent of prime construction work.
- Nonminority-owned firms perform 98 percent of the prime level construction work in the public and private sector.

## Anecdotal Evidence

- Perceptions and Opinions - Prime Contractors
  - lack of information about upcoming procurement opportunities
  - contracts too large
  - costs associated with submitting bids and limited time
  - limited access to bonding and capital hinder M/WBE participation

# Summary of Findings (Cont'd)

## ■ Perceptions and Opinions - Subcontractors

- perceptions by prime contractors that M/WBEs were unqualified
- pressured to lower quotes
- concerned about voicing complaints
- M/WBE fronts



# How to Use Study Results (Recommendations)

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# Commendations

The County is commended for:

- elevating the M/WBE program to division level;
- physically locating the Purchasing Division and the M/WBE Division in the same building;
- revising and consolidating policy requirements for the Purchasing Division and M/WBE Division;
- hiring an additional staff person for the M/WBE Division;
- improving the accessibility of information on the Web; and
- collaborating local outreach efforts.

# Recommendations

## Race- and Gender-Neutral Recommendations

- Improve collection and management of data.
- Bonding and technical assistance.
- Small Business Enterprise Program
- Monitor utilization of all business to determine whether small business program has the potential to eliminate race and gender disparities without race and gender-specific goals.

# Recommendations (Cont'd)

## Race- and Gender-Based Recommendations

- Time limited program with graduation requirements.
- Continued program focus on firms in the relevant market area.
- Continued periodic review of budget to establish goals consistent with availability for each group that demonstrated significant disparity.
- Continue to narrowly tailor participation program to remedy the specific findings of discrimination.

# Recommendations (Cont'd)

## Race- and Gender-Based Recommendations

- The initial goals should be similar to the following:

| Construction Prime Contractors       |       |       |       |    |    |
|--------------------------------------|-------|-------|-------|----|----|
| African Americans                    | 0.37  | 6.03  | 4.82  | 1  | 4  |
| Hispanic Americans                   | 0.08  | 1.51  | 1.21  | 0  | 1  |
| Asian Americans                      | 0.00  | 0.00  | 0.00  | 0  | 0  |
| Native Americans                     | 0.00  | 0.50  | 0.40  | 0  | 0  |
| Nonminority Women                    | 1.15  | 3.02  | 2.42  | 1  | 1  |
| Construction Subcontractors          |       |       |       |    |    |
| African Americans                    | 14.37 | 22.09 | 17.67 | 15 | 3  |
| Hispanic Americans                   | 0.00  | 1.20  | 0.96  | 0  | 0  |
| Asian Americans                      | 0.00  | 0.40  | 0.32  | 0  | 0  |
| Native Americans                     | 0.35  | 0.40  | 0.32  | 0  | 0  |
| Nonminority Women                    | 3.60  | 3.21  | 2.57  | 3  | 0  |
| Professional Services Consultants    |       |       |       |    |    |
| African Americans                    | 4.69  | 5.63  | 4.50  | 5  | 0  |
| Hispanic Americans                   | 0.00  | 0.00  | 0.00  | 0  | 0  |
| Asian Americans                      | 1.30  | 0.63  | 0.50  | 1  | 0  |
| Native Americans                     | 0.00  | 0.00  | 0.00  | 0  | 0  |
| Nonminority Women                    | 6.25  | 5.63  | 4.50  | 5  | 0  |
| Professional Services Subcontractors |       |       |       |    |    |
| African Americans                    | 0.33  | 23.25 | 18.00 | 1  | 16 |
| Hispanic Americans                   | 0.40  | 0.96  | 0.77  | 1  | 0  |
| Asian Americans                      | 0.20  | 0.84  | 0.51  | 1  | 0  |
| Native Americans                     | 0.02  | 0.00  | 0.00  | 0  | 0  |
| Nonminority Women                    | 4.71  | 17.20 | 13.78 | 5  | 9  |
| Other Services Vendors               |       |       |       |    |    |
| African Americans                    | 13.29 | 6.93  | 5.54  | 6  | 0  |
| Hispanic Americans                   | 4.00  | 0.27  | 0.22  | 0  | 0  |
| Asian Americans                      | 0.65  | 0.27  | 0.22  | 0  | 0  |
| Native Americans                     | 0.00  | 0.00  | 0.00  | 0  | 0  |
| Nonminority Women                    | 11.77 | 6.93  | 5.54  | 6  | 0  |
| Material and Supplies Vendors        |       |       |       |    |    |
| African Americans                    | 0.66  | 2.86  | 2.29  | 1  | 1  |
| Hispanic Americans                   | 0.07  | 0.26  | 0.21  | 0  | 0  |
| Asian Americans                      | 0.00  | 0.26  | 0.21  | 0  | 0  |
| Native Americans                     | 0.00  | 0.00  | 0.00  | 0  | 0  |
| Nonminority Women                    | 15.44 | 5.99  | 4.79  | 5  | 0  |